

Green growth

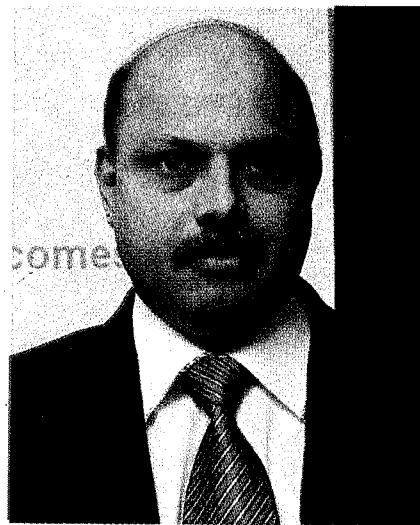
Thermax goes places with a European buy

With the acquisition of Danish boiler major Danstoker last fortnight, the Pune-based Thermax has not only extended its global footprint, but also taken a step forward in its drive to increasingly make environment-friendly products. Renewable-energy and green products – biomass-based boilers and heat recovery systems for a wide range of industries – accounted for more than half of Danstoker's €40 million sales in its financial year ended September 2010.

The acquisition, for €29.5 million (about ₹187 crore), includes the 75-year-old Hernig, the Denmark-based company's German subsidiary, Omnical Kessel, which also specialises in oil- and gas-fired boilers. The ₹3,300 crore Thermax borrowed €10 million from the Royal Bank of Scotland and paid the rest from its kitty.

"This gives us great growth potential in markets like Russia and the Middle East," Thermax managing director M.S. Unnikrishnan says of the company's first ever M&A deal. "We have also been present in those geographies for nearly two decades, but the two brands we have acquired will make a difference." Explaining the logic of a buy in Europe, he points out that more than a third of the Danstoker group's business, with over 1,200 installations in Europe, was in the fast-growing German market, while Denmark – which is not growing so much but is very stable – accounts for about one fourth, and Sweden, another growth area, has a 15 per cent share.

Having all this going for the Danstoker and Omnical brands, the Indian energy and environment solutions provider obviously intends to piggy-back on them to expand its footprint – especially in clean energy – globally. "We are getting a brand valuation done for Thermax in Europe, but we will continue to use all three brands in different permutations," Unnikrishnan says.



PRAKASH JADHAV

Unnikrishnan: going greener

The takeover of the Danstoker facilities in Denmark and Germany, which can make between 350 and 450 boilers a year in the range of 200 kg to a tonne of steam an hour, is a good fit for Thermax, which makes boilers of 100 kg to three tonnes. Danstoker also has its own land in both places, totalling 13-plus hectares – which gives its new Indian owners ample space to double the production as demand grows. And grow it must, as Europe gets closer to its target of generating 20 per cent of its energy needs from renewable sources by 2020.

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